

Aspire Sports and Cultural Trust

COMMITTEE	: Overview and Scrutiny Committee
DATE	: 6th June 2010
SUBJECT	: Aspire 2010/11 Performance and 2011 and Beyond
REPORT BY	: Aspire Sports & Cultural Trust J Douglas – Business Development Director
NO. OF APPENDICES	: 3
REFERENCE NO.	: 2011/10

1.0 PURPOSE OF REPORT

- 1.1 To appraise Gloucester City Council Members of Aspires performance in 2010/11.
- 1.2 To update Members with how Aspire is:
 - 1.2.1 Budgeting for a £235,000 reduction in Management Fee from the City Council in 2011/12/
 - 1.2.2 Planning to change the way it delivers the requirements of the Management Agreement to work towards a further targeted reduction in Management Fee of £400,000 by 2014.

2.0 RECOMMENDATIONS

- 2.1 That Members note the contents of this report.

3.0 BACKGROUND

- 3.1 As a result of the Governments Spending Review and subsequent Member approval of Gloucester City Council's Three Year Money Plan (at Full Council on 24th February 2011). Aspire were tasked with working towards achieving a reduction in Management Fee of £635,000 (40%) by 2014.
- 3.2 Aspire presented at the City Councils Overview and Scrutiny Committee on 10th January 2011 and responded to questions from Members in relation to the performance of the business and steps Aspire had taken in managing the changes to the funding of the Management Agreement.
- 3.3 A series of negotiations between Officers of Aspire and Gloucester City Council have been undertaken.
- 3.4 On 21st Feb 2001 Aspires Board corresponded with the City Council in relation to the significant reduction in Management Fee on, in which the Board "Resolved to note the proposed reduction of £200,000 in the Management Fee payable by the Council to Aspire for the period 2011/12".

4.0 PROGRESS

4.1 Aspire's Performance – 2010/11

4.1.2 Aspire has developed its performance to achieve a range of outcomes in the short, medium and long term. In the future, we will be reporting our performance by utilising the IDeA 'Outcomes Triangle' model, which seeks to clarify the strategic impact and achievement of outcomes that sport and cultural provision make in our local communities. Please see Appendix A which illustrates the principles of the model.

4.1.3 Aspires performance measures relate to both social and commercial objectives – both have equal importance in relation to the performance of the business. The commercial objectives not only support the operations of the business – the commerciality of our products and delivery models enable us to operate as a Charitable Trust by supporting initiatives that maximise community involvement and provide assistance to those in our community that need it.

4.1.4 To continue to provide value for money to our stakeholders, in 2010/11 we have performed well against our commercial targets and have:

- Reduced the subsidy per user visit by 11% against target
- Reduced staff costs by 12% against target
- Increased health and fitness membership by 44% against target
- Increased overall usage by 7% against target
- Raised the profile of the City of Gloucester and attracted Regional, National and International visitors to the City by hosting 62 major events during 2010/11, over 89 days (30% of which were of National Sporting significance)

4.1.5 Clearly, balancing our financial accounts matters to us all and the current economic climate is tough for everyone. We know, for example, that GL1 is located between 2 of the most deprived Wards in the County and assisting those in poverty through our Concessionary Pricing Policies is of great importance to us. Aspire is about working with 'real' people and the positive impact we can have on the lives of those in our communities.

Did you know that:

- 13% of Aspire card holders are in receipt of Benefit
- We attract over 1000 children from 32 local schools per week to participate in our educational school swim programme

- We work in 35 local schools, attracting over 1500 pupils per year to participate in coached Tennis sessions – over 320 pupils have so far experienced competitive tennis opportunities
- Our Futsal (Brazilian football) community programme was supported by the Crime Reduction Partnership, and reported a significant reduction in anti-social behaviour at the times the sessions ran. 35% of participants went on to continue their participation beyond the end of the scheme.
- We support and regularly host over 135 voluntary organised clubs and associations in sustaining well-being, physical activity and competitive activity in our diverse communities.

4.1.6 Local businesses, the well-being of their employees and the buoyancy of the local economy are all important to us in pursuing our objectives and achieving our outcomes.

Were you aware that:

- 18 local businesses hold Corporate health and fitness memberships with us, representing engagement of 800 local employees in physical activity?
- 35% of these employees represent Key Workers in our community – namely the Armed Forces, NHS, the Police and our Fire and Ambulance services personnel?
- Gloucester City Council holds a preferred rate Corporate health and fitness membership with us that it could utilise more fully?

4.1.7 Please see Appendix B (Aspire Stakeholder Newsletter – 2010 Review) which provides a snapshot of some of our many achievements and successes during 2010. Gloucester City Council Members will continue to be sent a newsletter on a quarterly basis, providing an update of our progress.

4.2 £235,000 Reduction in Management Fee – 2011/12

4.2.1 Aspire continually reviews it's business practices and products and annually reviews it's Business Plan. The key areas of business performance are:

- earned income generation (through use of facilities and services)
- key expenditure areas of utility cost/consumption and staff costs.

4.2.2 We have budgeted to reduce expenditure in 2011/12 and each year thereafter by:

- reducing staff costs – achieved through reducing overall staff numbers and changing shift patterns in all operational areas

- reducing our water consumption in the pool areas by 35% of water usage
- re-shaping our management team to meet the needs of the business

4.2.3 We are working with the City Council on a number of significant utility efficiency projects which will reduce consumption and therefore usage costs – these are detailed further in section 5 of this report.

4.2.4 We have put measures in place to achieve increased income in 2011/12 and each year thereafter by:

- increasing participation in our Swim Programme by 27% through innovative pool programming and payment incentive schemes to the customer
- increasing Health and Fitness membership yield (increasing the number of people who take up membership by a further 10% and pricing our Memberships to achieve the greatest return per membership)
- increased income for use of the synthetic pitch by introducing a Commercial hire fee
- creating an additional fitness studio at GL1 to fulfil demand
- expansion of the Health and Fitness programme to Oxstalls Tennis Centre by creating an outdoor class programme for the first time and creating a new fitness Studio
- creating a proactive in-house debt recovery regime to improve our cash flow and reduce unrecoverable debt (unrecoverable debt improved by 70% in 2010/11)

4.2.5 We will continue to control our costs, together with ensuring our staff turnover remains low (currently at 2.8 % for 2010/11) and manage sickness absence (currently very low at 3.5%).

4.2.6 We operate a Balanced Scorecard methodology, undertaken weekly and monthly to manage income and usage against profiled annual targets which provides a planned approach to income management.

4.3 Further Proposed Reduction in Management Fee of £400,000 to 2014

4.3.1 Aspire is working closely with its Trustees to ensure an effective and sustainable solution to achieving the proposed reduction in Management Fee. Aspire is balancing the need to meet its Charities Commission objectives and developing its Commercial opportunities to ensure residents and visitors can continue to enjoy the City's flagship leisure facilities.

- 4.3.2 As well as reducing costs and increasing income, Aspire's approach in developing the business and ultimately reducing the Management Fee has been to seek expansion of it's portfolio of services and operations.
- 4.3.3 Aspire has recently been awarded it's first additional facility management contract by securing a 5 year contract with one of the County's largest education providers, Gloucestershire College. Aspire is currently working in partnership with Gloucestershire College to finalise the details to manage the College's Gym, Studio and Outdoor MUGA/pitch at it's campus in Cheltenham from August 2011.
- 4.3.4 We have commissioned a feasibility study to identify potential building reconfiguration and significant new income generation/product development for the GL1 facility. This report, it's findings and proposed business plan will be discussed by Aspire Trustees in mid June 2011, with a view to pursuing the options with the City Council during 2011. These opportunities could represent a significant increase in footfall, increase in income potential and operational efficiencies. Please note that this study is of a commercially sensitive nature and will be shared more widely when an agreement in principle is reached.
- 4.3.5 We have undertaken a similar study to that detailed in 4.3.4 (above) in respect of the Oxstalls Tennis Centre facility. Again, detailed analysis is currently underway with a proposed business plan being developed for discussion.

5.0 FUTURE WORK

- 5.1 Aspire has reshaped it's strategy going forward and will be building on the themes it has identified in section 4 (above). In particular, we will not only be continuing to explore the leisure/facility management contract opportunities as they become available, we will also be:
- Targeting facility management and specialist leisure development within the education sector in Gloucestershire
 - Aligning our business to work in closer partnership with the health sector to pursue a wider range of well-being initiatives (physical and mental health)
 - Considering the reshaping of our Governance structure to remodel the management of our overhead costs in the future and allow for the potential to create commercial trading subsidiaries in the future
- 5.2 As a leading Social Enterprise in the County, we actively trade in the pursuit of benefits 'For People and Planet'. Of particular importance to us is our partnership work with Gloucester City Council to reduce our energy consumption and reduce the carbon footprint. Please see Appendix C which details the Sustainability Project we are working on together to achieve our shared climate change objectives.

5.3 Our next negotiation meeting between Officers of Aspire and the City Council are scheduled for 1st June 2011. We will update Councillors of these discussions verbally at Overview and Scrutiny on 6th June.

6.0 CONCLUSIONS

6.1 Aspire has continued to improve upon it's year on year performance and has performed above target for 2010/11.

6.2 Our performance has enabled us to fulfil the requirements of the Management Agreement and the strategies set out in our Business Plan.

6.3 We will continue to review our operating model, objectives and strategies to provide value for money to our stakeholders.

7.0 FINANCIAL IMPLICATIONS

7.1 Contained within this report.

8.0 LEGAL IMPLICATIONS

8.1 There are legal implications in relation to the Governance structure of Aspire highlighted in section 5.1. Aspire are working with our legal advisors Winkworth Sherwood in exploring this option.

9.0 RISK MANAGEMENT

9.1 Associated risks form part of Aspires Risk Management Strategy and association Action Plan and are managed through the Aspire Board.

10.0 PREDICTIVE IMPACT ASSESSMENTS (EQUALITIES) *(Authors to complete) Identify all risks for customers and staff, in the areas of gender, disability, age, race, religion, sexual orientation etc.*

10.1 Internally via Aspire where required.

11.0 OTHER CORPORATE IMPLICATIONS

Background Papers : None

Person to Contact : **Jacquie Douglas**
Tel: 01452 396754
Email: Jacquie.douglas@aspiretrust.org.uk